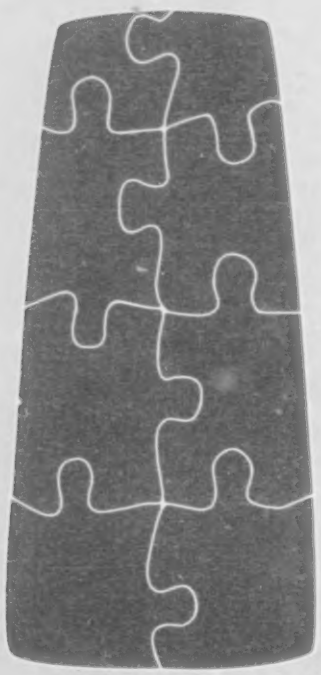
Saskatchewan Development Fund Corporation And Saskatchewan Development Fund



2004 Annual Report

Saskatchewan Development Fund Corporation

BOARD OF DIRECTORS

Honourable Harry Van Mulligen, Chair
Honourable Buckley Belanger, Vice-Chairperson
Honourable Len Taylor

OFFICERS

Mr. Don Axtell
General Manager

Mr. John Amundson, CA
Treasurer

Ms. Dawn Stanger
Corporate Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

GENERAL INQUIRIES TELEPHONE NUMBERS

In Regina: (306) 787-1645
Toll free within Saskatchewan: 1-800-667-7543
Fax: (306) 787-8030

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300 – 2400 College Avenue
Regina, Saskatchewan
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DESIGN AND LAYOUT

Jared Carlson

105-05102/

Saskatchewan Development Fund Corporation And Saskatchewan Development Fund

Annual Report

For The Year Ended
December 31, 2004

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
January 28, 2005

To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2004, in accordance with **The Saskatchewan Development Fund Act, 1974**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Minister Responsible
Saskatchewan Development Fund Corporation

Saskatchewan

Development Fund Corporation

Annual Report

For The Year Ended

December 31, 2004

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND CURRENT HIGHLIGHTS – 2004

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund in exchange for the Corporation's services.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those who wished to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those who desired an investment vehicle with combined savings and growth potential.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns.

At December 31, 2004, the present value of the Corporation's annuities payable is $409.2 thousand on 26 outstanding annuity contracts compared to an annuity liability of $529.4 thousand on 38 annuity contracts at December 31, 2003. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts. The Corporation has annuity liabilities extending to the year 2013.

The Corporation's net earnings for the year ended December 31, 2004 were $61.0 thousand as compared to $63.1 thousand for the same period in 2003. The decrease in net earnings is due to a decrease in investment income, as cash resources are used to pay annuitants. The decrease in revenue is offset by lower interest costs on annuities.

The Corporation's investments exceed its liabilities at December 31, 2004 by more than $2.4 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2004 is on page 13.

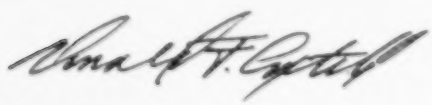
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.



Don Axtell
General Manager

January 28, 2005

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2004 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deadly + Company LLP

Regina, Canada
January 28, 2005

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	2004	2003
ASSETS		
Current Assets		
Cash and short-term investments (Note 3)	$ 226,534	$ 201,203
Interest receivable	1,304	5,801
Due from Saskatchewan Development Fund	5,071	-
	232,909	207,004
Investments (Note 4)	2,621,906	2,697,938
	$ 2,854,815	$ 2,904,942
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 20,951	$ 7,728
Due to Saskatchewan Development Fund	-	4,191
Current portion of annuities payable (Note 5)	96,295	109,426
	117,246	121,345
Annuities payable (Note 5)	312,891	419,938
	430,137	541,283
Province of Saskatchewan's Equity		
Equity advances (Note 6)	1,150,000	1,150,000
Retained earnings	1,274,678	1,213,659
	2,424,678	2,363,659
	$ 2,854,815	$ 2,904,942
Contingent liability (Note 7)		

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the year Ended December 31

	2004	2003
REVENUE		
Investment	$ 145,901	$ 163,581
Fund management fees (Note 8)	26,872	25,855
	172,773	189,436
EXPENSES		
Interest – annuities	60,441	76,793
Administrative	51,313	49,515
	111,754	126,308
NET EARNINGS	61,019	63,128
RETAINED EARNINGS, BEGINNING OF YEAR	1,213,659	1,150,531
RETAINED EARNINGS, END OF YEAR	$ 1,274,678	$ 1,213,659

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2004	2003
OPERATING ACTIVITIES		
Net earnings	$ 61,019	$ 63,128
Add (deduct) non-cash items		
Amortization of discounts and premiums	(133,933)	(133,481)
	(72,914)	(70,353)
Net change in non-cash working capital balances related to operations (Note 9)	8,458	(1,918)
Cash used in operating activities	(64,456)	(72,271)
INVESTING ACTIVITIES		
Purchase of investments	(150,035)	(149,753)
Proceeds from sale of investments	360,000	380,000
Cash provided by investing activities	209,965	230,247
FINANCING ACTIVITIES		
Repayment of annuities payable	(120,178)	(119,253)
Cash used in financing activities	(120,178)	(119,253)
NET INCREASE IN CASH DURING THE YEAR	25,331	38,723
CASH POSITION, BEGINNING OF YEAR	201,203	162,480
CASH POSITION, END OF YEAR	$ 226,534	$ 201,203

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Short-term investments

Short-term investments are carried at cost which approximates their quoted market value.

b) Investments in bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 are amortized to income using the straight-line method over the remaining life of the investment.

c) Fair value of short-term financial instruments

Fair value of short-term investments including:

i) Cash and short-term investments
ii) Interest receivable
iii) Due to (from) Saskatchewan Development Fund
iv) Accounts payable
v) Current portion of annuities payable

the carrying amounts approximate fair value due to their immediate or short-term maturity.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, SDFC also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, SDFC ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Short-Term Investments

Short-term investments at December 31, 2004 consists of one Government Treasury Bill due on February 24, 2005 carrying an interest rate of 2.50%. Short-term investments are considered to be cash equivalent as they are callable on one days notice to meet cash flow requirements.

4. Investments

Description	2004 Amortized Cost	2004 Fair Value	2003 Amortized Cost	2003 Fair Value
Bonds and Debentures				
Prince Edward Island 10.625%, Apr. 18, 2004	$ -	$ -	$ 250,000	$ 255,523
Canada Zero Coupon $110,000, Sept. 15, 2004	-	-	107,118	107,954
Canada Zero Coupon $225,000, June 1, 2005	220,982	222,656	211,111	216,151
Canada Zero Coupon $315,000, June 1, 2006	297,288	302,810	284,415	291,425
Canada Zero Coupon $528,000, June 1, 2007	470,340	489,921	445,743	466,372
Canada Zero Coupon $468,000, June 1, 2008	404,394	416,277	385,961	392,348
Canada Zero Coupon $185,000, June 1, 2009	155,140	157,106	-	-
Canada Zero Coupon $285,000, June 1, 2009	233,309	242,027	221,760	226,244
Canada Zero Coupon $280,000, June 1, 2010	219,121	226,288	207,993	210,036
B.C. Zero Coupon $485,000, Sept. 5, 2011	332,833	362,770	310,591	334,524
Canada Zero Coupon $150,000, June 1, 2011	112,704	115,083	106,868	106,301
Canada Zero Coupon $125,000, June 1, 2012	89,824	91,105	85,062	83,578
Canada Zero Coupon $125,000, June 1, 2013	85,971	86,486	81,316	79,013
Total Investments	$ 2,621,906	$ 2,712,529	$ 2,697,938	$ 2,769,469

4. Investments (continued)

a) Fair value of investment holdings

i) Federal and Provincial bonds

Bonds are valued at their recognized public exchange closing sale price on their valuation date.

b) Total cash interest received on investments during the year was $27,751 (2003 - $99,352).

5. Annuities Payable

	2004	2003
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual instalments until maturity	$ 409,186	$ 529,364
Less current portion	96,295	109,426
Long-term portion of annuities payable	$ 312,891	$ 419,938

SDFC has 26 outstanding annuities at December 31, 2004, with maturing dates ranging from 2005 to 2013. Total gross payments on remaining annuities are $0.6 million (2003 - $0.7 million) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2004 is $0.5 million (2003 - $0.6 million).

Interest paid on long-term annuities payable during the year, on a cash basis, was $60.4 thousand (2003 - $76.8 thousand).

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, SDFC's exposure to interest rate risk is insignificant.

6. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

7. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2004 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2004 under this provision.

8. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2004	2003
Decrease (increase) in interest receivable	$ 4,497	$ (236)
Increase (decrease) in accounts payable	13,223	(588)
Decrease in due to Saskatchewan Development Fund	(9,262)	(1,094)
	$ 8,458	$ (1,918)

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $36,206 (2003 - $36,206) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

Saskatchewan

Development Fund

Annual Report To The Shareholders

For The Year Ended

December 31, 2004

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND CURRENT HIGHLIGHTS – 2004

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSP's), registered homeownership savings plans (RHOSP's), deferred profit sharing plans (DPSP's), registered retirement income funds (RRIF's) and regular shareholder accounts. Currently, the Fund administers only RRSP's and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. On January 2, 2002 the Fund sold its individual asset holdings and purchased Greystone mutual funds. This action was taken to simplify fund management and decrease costs to the investor through reduced investment transaction fees and custodial fees.

The Fund experienced an increase in share value during 2004. The Fund's share value closed 2004 at $10.88 per share, compared to $10.36 per share at December 31, 2003. During 2004, the Canadian equity market continued to be strong and the return on the bond portfolio was average, thus allowing the fund a return of 7.68%.

The Fund's earnings decreased $15.6 thousand (or 14.8%) in 2004 to $89.7 thousand compared to earnings of $105.3 thousand in 2003. The decrease in net earnings is due to the funds' diminishing asset base, as clients divest of the fund.

Earnings returned 28.3 cents per share in 2004 compared to 31.1 cents per share in 2003. The small decrease is due to continuing low interest rates in the long-term and short-term bond markets. During 2004, the Fund provided a 7.68% rate of return to the shareholders compared to a three year average return of 6.48% and a five year average return of 7.06%.

The net assets of the Fund at December 31, 2004, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 2003.

	December 31, 2004			December 31, 2003		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	$ 2,505,556	70.34	61	$ 2,557,227	70.18	69
Regular Accounts	1,056,421	29.66	85	1,086,469	29.82	92
	$ 3,561,977	100.0	146	$ 3,643,696	100.0	161

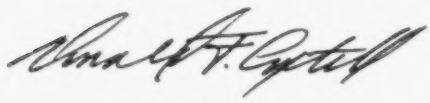
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.



Don Axtell
General Manager
Saskatchewan Development Fund Corporation

January 28, 2005

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2004 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2004 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Company LLP

Regina, Canada
January 28, 2005

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

	2004	2003
ASSETS		
Investments at market value (Note 3)	$ 3,554,229	$ 3,650,138
Cash and short-term investments	12,819	14,651
Due from Saskatchewan Development Fund Corporation	-	4,191
	3,567,048	3,668,980
LIABILITIES		
Payable for shares redeemed	-	17,699
Other accounts payable	-	7,585
Due to Saskatchewan Development Fund Corporation	5,071	-
	5,071	25,284
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 5)	$ 3,561,977	$ 3,643,696
327,532 shares (2003 – 351,661 shares)(Notes 4 & 5)		
NET ASSET VALUE PER SHARE (Note 6)	$ 10.88	$ 10.36

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2004	2003
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 3,643,696	$ 4,174,394
Net earnings for the year	89,686	105,319
Net realized gain on sale of investments	71,849	76,198
Net unrealized appreciation of investments	102,789	136,424
	3,908,020	4,492,335
Less:		
Amounts paid for shares redeemed	346,043	848,639
Net assets at end of year	$ 3,561,977	$ 3,643,696
Net asset value per share	$ 10.88	$ 10.36
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 443,854	$ 762,498
Cost of investments sold during the year*	372,005	686,300
Realized gain on sale of investments	$ 71,849	$ 76,198
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 2,862,614	$ 3,394,689
Cost of investments purchased during the year	200,225	154,225
	3,062,839	3,548,914
Cost of investments at end of year	2,690,834	2,862,614
Cost of investments sold during the year	$ 372,005	$ 686,300

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2004	2003
REVENUE		
Interest	$ 108,870	$ 123,070
Dividends	10,589	11,343
	119,459	134,413
EXPENSES (Note 7)		
Management fees (Note 8)	26,872	25,855
Investment management fees	2,890	3,239
Bank service charges	11	-
	29,773	29,094
NET EARNINGS FOR THE YEAR	$ 89,686	$ 105,319
NET EARNINGS PER SHARE (IN CENTS)	28.3	31.1

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund (SDF) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Valuation of investments

The Saskatchewan Development Fund's investments are recorded at market value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

b) Fair value

Cash, short-term investments, due to (from) Saskatchewan Development Fund Corporation, payable for shares redeemed, and other payables, are carried at cost which approximates their fair value.

c) Investment transactions and income

The Corporation has invested in three mutual funds offered by Greystone Managed Investments Inc. Transactions are recorded monthly and prorated to individual investors' accounts on the last working day of each month. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

3. Investments

Description	2004 Cost	2004 Market	2003 Cost	2003 Market
Greystone Money Market Fund 2004 - 66,879 units (2003 - 69,571 units)	$ 668,791	$ 668,791	$ 695,710	$ 695,710
Greystone Fixed Income Fund 2004 - 209,860 units (2003 - 218,719 units)	2,082,468	2,118,327	2,167,951	2,179,977
Greystone Canadian Equity Fund 2004 - 34,251 units (2003 - 39,669 units)	608,366	767,111	694,663	774,451
Total Investments	$ 3,359,625	$ 3,554,229	$ 3,558,324	$ 3,650,138

4. Taxation

The Fund qualifies as a mutual fund trust under the **Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

5. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

6. Net Asset Value Per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year Ended December 31				
	2004	2003	2002	2001	2000
Net asset value per share	$ 10.88	$ 10.36	$ 9.84	$ 9.83	$ 9.73

7. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year Ended December 31				
	2004	2003	2002	2001	2000
Expense ratio	0.83%	0.72%	0.78%	1.23%	1.19%

8. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market under normal trade terms. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.